

Public Assistance News

October 2002



Eighteen months after the 6.8 magnitude Nisqually Earthquake shook the state of Washington, the repairs continue. Under the Federal Emergency Management Agency's (FEMA) Public Assistance Program, 381 county, city, and local government, as well as private nonprofit organizations have identified over 1,850 projects requiring repairs. The projects range in cost from \$1,000 (the minimum eligible amount) to \$5.2 million. Estimated project costs total over \$65 million, of which \$48 million is federal assistance funding, \$11 million is state assistance and the remaining \$6 million is the applicants' money. Progress has been slow but steady. As of July 31, 2002, 48 of the 381 applicants, or 12.6%, have completed their projects and been closed.

Overall, the state expects the Nisqually recovery to take three to four years with eligible public assistance projects totaling between \$75 and \$100 million. March 2001 estimates that pegged the earthquake damage at more than \$1 billion included losses to private industry as well as losses covered by insurance.

The Nisqually disaster left the state with widespread damage to public infrastructure, especially on Olympia's capitol campus where more than a dozen buildings needed repairs. New federal procedures coupled with a requirement for Washington's Insurance Commissioner to determine the availability of insurance coverage for historic public buildings created further challenges. Regarding the progress of recovery efforts, Ms. Diane R. Offord, the State Coordinating Officer for the Nisqually Earthquake Disaster says, "The state will continue to work in a close partnership with the Federal Emergency Management Agency to ensure that Washington receives its full entitlement of funds for its recovery programs." Adds Ms. Donna J. Voss, Deputy State Coordinating Officer, "We have greatly appreciated the patience and cooperation demonstrated by the disaster assistance applicants during this unique learning process."

For updated information on public assistance issues, click the link provided on the Washington Emergency Management homepage.

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CONTRACTING

44 CFR 13.36(c)(1) states, "all procurement transactions will be conducted in a manner providing full and open competition..." To achieve this directive, four procurement methods are recognized: small purchase procedures, sealed bids, competitive proposals, and noncompetitive proposals.

Small purchase procedures, also known as small works, are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the simplified acquisition threshold fixed at 41 U.S.C. 403(11) (currently set at \$100,000). While state law allows up to \$200,000, federal funding limits the use of small works rosters to the more restrictive federal limit of \$100,000. If small purchase procedures are used, price or rate quotations shall be obtained and recorded from an adequate number of qualified sources.

Sealed bids are publicly solicited and a firm-fixed-price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming to all the material terms and conditions of the invitation for bids, is the lowest price.

Competitive proposals are normally conducted with more than one source submitting an offer, and either a fixed-price or cost-reimbursement type contract is awarded. These are generally used when conditions are not appropriate for the use of sealed bids.

Non-competitive or sole source solicitation is reserved for specialized services with inadequate competition, proprietary services and for work done under emergency purchasing procedures. Emergency purchasing procedures, however, should only be utilized **immediately** following the emergency event.

Please contact your Public Assistance Coordinator regarding your intended contracting method. Rationale for the method of procurement, selection of contract type, contractor selection or rejection and the basis for the contract price are only a few areas that should be discussed with State Emergency Management representatives before entering into any contract for disaster repair. Noncompliance with federal regulations could result in withdrawal of all or part of the grant money.

Public Assistance Program Contact Information

Need to reach your Public Assistance Coordinator or Program Assistant? The contact information below is provided for your convenience.

- Fran Cunningham, Program Assistant, (360) 570-6316
- Lori Guerrero, Public Assistance Coordinator, (360) 570-6311
- Sheryl Jardine, Public Assistance Coordinator, (360) 570-6307
- Paul McNeil, Public Assistance Coordinator, (360) 570-6315
- David Santhuff, Public Assistance Coordinator, (360) 570-6323
- Alan Steele, Public Assistance Coordinator, (360) 570-6314
- Heike Syben, Program Assistant, (360) 570-6309

Fax Number (360) 570-6350



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IMPROVED PROJECTS

vs.

ALTERNATE PROJECTS

If, after receiving approval of a Project Worksheet, your jurisdiction wishes to make additional improvements while still restoring the facility to its pre-disaster condition, you will need to make a written Improved Project request. Examples of Improved projects include concurrently making non-earthquake repairs in the immediate vicinity of the earthquake repairs, painting the entire building instead of just those areas specified in the Scope of Work, and proceeding with remodeling plans concurrent with making earthquake repairs.

If the original facility is being repaired and improvements are being added, Section 406 Hazard Mitigation funding may be applied to the original facility only. If the improved project involves a new facility, these mitigation funds may not be applied to the project. As such, federal and state funding for these projects is limited to the federal share of the estimated costs that would be associated with only repairing the damaged facility or the actual costs associated with only repairing the damaged facility, whichever is less. The remaining costs are the responsibility of the applicant.

Improved projects are required to be approved by the state before constructions begins. Prior to the state granting approval, FEMA will review the project to determine if the proposal will have any additional environmental or historical impacts. Once FEMA has completed their review, the state can grant project approval. An Improved project may be requested for both small and large projects. Please contact your Public Assistance Coordinator by *January 3, 2003*, if you wish to request an Improved project.

Sometimes, an applicant may determine that it is not in the public interest to restore a damaged facility or its function to the pre-disaster condition per the Project Worksheet's Scope of Work. Examples include a facility was being used in a capacity not consistent with its original design (such as a gymnasium that was converted to office space) or when the service provided by the facility is no longer needed (such as a low volume road or bridge located a short distance from a high capacity facility). If the applicant determines that restoration funds could be better used elsewhere, an applicant may make a written request to apply approved funding to an alternate project. This may be proposed for both small and large permanent repair projects, but cannot be used to fund operating costs or to meet the state or local share requirement on other public assistance projects or projects that utilize other federal grants. Section 406 Hazard Mitigation funds cannot be applied to an alternate project. Possible alternate projects could include:

- Repair or expansion of other public facilities
- Construction of new public facilities
- Purchase of capital equipment
- Funding of hazard mitigation measures

FEMA must complete an environmental review and approve the projects before construction begins.

Alternate projects are only eligible for 75% of the federal share of the costs that would be associated with repairing the damaged facility to its pre-disaster condition, or 75% of the actual costs of completing the alternate project, whichever is less. Written requests for Alternate projects must be received by *January 3, 2003*.



INSURANCE REQUIREMENTS

The Federal Emergency Management Agency (FEMA) requires that all Category E projects (public buildings and equipment including contents, vehicles, non-road transportation systems, and educational facilities) with eligible costs over \$5,000 be insured for earthquake damages. A partially completed and highlighted Insurance Commitment form is sent with each project worksheet that has an insurance requirement. The form needs to be completed where highlighted with the individual insurance information, dated, signed by the applicant agent and returned to the state Public Assistance Office within 60 days. The work on that project may then proceed.

When the project is complete, the applicant needs to submit a Certificate of Insurance, naming the Emergency Management Division as certificate holder, for the required amount of time, usually 25 years. A copy of the current insurance policy submitted on a yearly basis may be substituted for the certificate if desired.

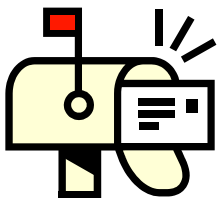
If the applicant decides not to purchase or maintain insurance on the project, the applicant should send a letter requesting withdrawal of the funding for that particular project worksheet. The funds will then be de-obligated and the project will no longer be eligible for federal funding.

When the project is completed, if the applicant finds that earthquake insurance is **not reasonably available**, a Letter of Determination may be requested. The determination is made on a case-by-case basis for each project worksheet. The form and criteria was sent to each applicant in October, 2001. It should be returned with supporting documentation to the State Public Assistance Office for review. It is submitted to the Office of the Insurance Commissioner for a determination and the applicant is notified of the results.

If a determination is denied, then the applicant is obligated to purchase earthquake insurance. If an applicant chooses **not** to buy insurance, then a letter withdrawing the request for funding should be submitted and any funds returned within 30 days of a formal notification letter from this office.

The granting of a determination means the applicant is not obligated to purchase insurance on that project under the Nisqually Earthquake event and FEMA eligibility for that facility will remain intact.

The maintenance of all earthquake insurance will be reviewed when the applicant's entire disaster grant is closed. With acceptance of federal and state funds, the applicant agrees to maintain the earthquake insurance for the specified time identified in each project worksheet.



Watch your mailboxes! Upon the completion of your projects and closure of your file, you will receive a Public Assistance Customer Survey. It's your chance to rate our service, rate the application process and provide suggestions for improvement. We value your feedback.



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Statement of Documentation (SOD) and Final Inspection Report (FIR)

Large Projects

A Statement of Documentation (SOD) is required for all large projects. Applicants with large projects should have received a "Statement of Documentation and Final Inspection Report" (SOD/FIR) form in the package with the approved project worksheet (PW). Once the large project has been completed and all claimed costs are available for review, the applicant completes the SOD/FIR form and sends it to the state Public Assistance Program. This form should be completed and submitted within sixty days of project completion.

When the SOD is received, the state will assign an inspector to perform the final inspection on the project. The inspector will check the form for accuracy and completeness, then contact the applicant agent to set up a meeting time to discuss the project, review documents, and perform a field review of the completed work. An accountant may come with the inspector to assist in the document review. It will be determined at this site visit if the intent, scope and cost of the work was accomplished in compliance to the PW. The inspector will write up the final inspection report portion of the SOD/FIR form. It will be reviewed at the state level, and forwarded to FEMA for their review and approval. Based on the SOD/FIR, any eligible cost adjustments will be determined and a version to the PW may be written. Once the approval of the SOD/FIR and the approved PW version are received from FEMA, a final payment, to include the PW retainage, can be made on the project.

Small Projects

Final inspections are required on small projects (those with costs less than \$50,600 for the Nisqually Earthquake disaster) that have funding conditions, usually outlined in the general comments section of the PW. Typical conditions are: hazard mitigation proposals, historical building allowances and requirements, environmental conditions, archeological considerations, and insurance requirements. Additionally, alternate or improved small projects will have final inspections completed.

Final inspections for small projects with conditions are initiated when the applicant sends a letter to the State Public Assistance Office certifying that all work in a small PW has been completed. An inspector will then be assigned to conduct the final inspection on the project. The inspector will set up a meeting time to discuss the project and perform a field review of the completed work. The inspector will be checking to ensure the conditions of approval were met. If any deviations from the approved work occurred, the inspector will document them and make a recommendation on their eligibility for funding. The inspector will prepare a "Special Review Form" which is retained in the applicant's file at the State Public Assistance Program Office.